

Minutes of the Finance Committee

Wednesday, March 5, 2014

Chair Haukohl called the meeting to order at 8:30 a.m.

Present: Supervisors Pat Haukohl, Richard Morris, Dan Draeger, Bill Zaborowski, and Larry Nelson. Pamela Meyer arrived at 8:31 a.m.

Also Present: Chief of Staff Mark Mader, Legislative Policy Advisory Sarah Spaeth, CPA Heather Acker of Baker Tilly Virchow Krause LLP, Accounting Services Manager Larry Dahl, Business Services & Collections Manager Andy Thelke, Risk/Purchasing Manager Laura Stauffer, Lynn Morgan of Waste Management of Wisconsin, Budget Specialist Bill Duckwitz, Administration Director Norm Cummings, Human Resources Manager Jim Richter, Senior Buyer Diane Knoll, Budget Manager Linda Witkowski, Enterprise Operations Manager Dave Burch, The *Freeman* Reporter Darryl Enriquez, Principal Assistant Corporation Counsel Eric Weidig, Senior Financial Analyst Steve Trimborn, Parks & Land Use Director Dale Shaver, Land Resources Manager Perry Lindquist, Solid Waste Supervisor Rebecca Mattano, Business Manager Peter Mudek, and County Board Supervisor Jim Heinrich. Recorded by Mary Pedersen, County Board Office.

Approve Minutes of 2-19-14 & 2-25-14

MOTION: Morris moved, second by Draeger to approve the minutes of February 19 and 25. Motion carried 5-0.

Meyer arrived at 8:31 a.m.

Schedule Next Meeting Date

- March 19
- April 2 (Morris absent)

2013 Audit Planning

Acker and Dahl reviewed the Baker Tilly letter addressed to the Finance Committee dated March 5, 2014. The letter outlines specific communications by Baker Tilly during the planning and completion phases of the audit on the County's 2013 financial statements. Also included in the letter was an overview of the scope and timing of the audit. Acker indicated the audit begins next week and a large component of this year's audit will be the system conversion for the new software.

Haukohl asked if audit staff have found issues in the past. Acker said there have been some minor deficiencies related to, for example, billing functions and recommendations were made and implemented. There have not been any major deficiencies in quite some time. To answer Haukohl's question pertaining to internal audit, Acker said according to the guidelines set forth by the Association of Internal Auditors, it states that the proper structure for an entity such as Waukesha County is to have a separate internal audit office that reports directly to the County Board. Haukohl asked who monitors County investment decisions. Acker said as the external auditor they would look at whether the County is in compliance with the State Statutes as to what can and cannot be invested in, whether the County's investment policy is up-to-date and whether

the County is complying with that policy. Acker noted they do read County Board committee minutes throughout the year as part of the annual audit process. If they find issues of concern prior to their report being issued, they will communicate that to County staff. To respond to Haukohl's concern, Acker emphasized the importance of defining and restricting the use of certain fund balances which lead to the County maintaining its Triple A bond rating status. Nelson commented on the importance of that Triple A bond rating in saving taxpayer dollars. Acker said Chicago has been downgraded four times in the last year largely due to pension liability. The County is in a great position with the Wisconsin Retirement Fund with respect to one upcoming change to the statements, to take effect in a few years, that these liabilities will become visible on the balance sheets. However, the Wisconsin Retirement Fund statements will look good compared to elsewhere in the country and Waukesha County will not have the unfunded liabilities that are present in other jurisdictions.

Year-end Collections Report

Thelke discussed the report titled "Collections Division Delinquent Collection/Referral Analysis: 2013 Year-end Report." Total 12-month collections increased 7.1% from 2012 and 4.8% from 2011. Collections totaled \$3,078,158 in 2013 compared to \$2,874,254 in 2012. The amount budgeted in 2013 was \$2,953,339. The total amount retained by the County was \$2,132,047 in 2013 compared to \$1,974,057 in 2012. A total of 5,609 tax intercept payments were received on accounts in 2013 compared to 4,094 in 2012. For every dollar they spend they collect \$3.78 of which \$2.62 is retained by the County.

The Collections Division serves 47 municipal entities. New municipal customers include the Town of Merton, Tess Corners Fire Department, Town of Brookfield, Rochester Fire Department, Village of Merton, New Berlin School District, Pickerel Fire Department, and Kettle Moraine School District.

MOTION: Draeger moved, second by Zaborowski to accept the year-end collections report. Motion carried 6-0.

Year-end Claims Report

Stauffer referred to the report titled "Waukesha County Claims History 2009-2013." For general liability, 17 claims were opened in 2013, 4 remained open at year-end and the total incurred was \$10,826. Stauffer said compared to past years the amount of general liability claims was down as was the severity of the claims and total incurred. Ten auto liability claims were opened, 2 remained open and the total incurred was \$15,868. The amount of auto liability claims and the total incurred were slightly less last year than in past years. A total of 25 auto physical damage claims were opened, 7 remained open and the total incurred was \$56,443. Also, 32 property damage claims were opened, 16 remained open and the total incurred was \$152,104. Stauffer highlighted some of the larger claims that opened and closed.

Stauffer discussed the report titled "Workers Compensation – 2009 to 2013 Claims History Summary." A total of 90 claims were opened in 2013 and 45 remained open at year-end. The total incurred was \$484,540. Since 2009, a total of 517 claims have been opened, 62 remained open at year-end 2013 and the total incurred was \$4,424,985. Stauffer highlighted some of the larger claims that opened and closed.

MOTION: Zaborowski moved, second by Morris to accept the year-end claims report. Motion carried 6-0.

Capital Projects Cost Performance Report and Approve Closeout Reserves

Duckwitz discussed the report titled "Capital Projects 2013 Year-end Report" which included information on project number, project title, project status, funding appropriations, and balance. No major concerns were voiced.

Staff are requesting that the highway project reserve account be increased by \$40,000 for Capital Project #9707 (CTH VV, Marcy-Bette Drive). After the funds have been reserved, the project will be closed.

MOTION: Zaborowski moved, second by Nelson to accept the capital projects cost performance report. Motion carried 6-0.

MOTION: Draeger moved, second by Meyer approve closeout reserves totaling \$40,000 for the CTH VV, Marcy-Bette Drive capital project. Motion carried 6-0.

Contract Procurement Process for the On-site Medical Clinic

Cummings and Richter were present to discuss this item. The contract was awarded to Healthstat, Inc., the highest rated proposer, for a total contract cost of \$3,068,996 for five years. A total of 12 providers submitted RFPs for consideration and, ultimately, five made it to the final interview stage. The clinic will serve Waukesha County, City of Waukesha and Waukesha School District employees and their families.

Nelson referred to The *Freeman* article titled "ProHealth Care execs criticize intergovernmental on-site clinic" and feels there is contradicting information. Cummings and Richter concurred with Nelson that ProHealth was not evaluated because based on the information they provided in their RFP, there was no return on investment. Cummings said a ProHealth representative stated at yesterday's city council meeting there was no opportunity to present an alternate plan. Cummings said that was incorrect. ProHealth just did not do a very good job completing the proposal. Richter noted the evaluation committee could only evaluate what was submitted. Stauffer added that ProHealth chose not to attend the preliminary proposal conference. Following that meeting, Purchasing contacted ProHealth, assuming they would be proposing, and was told by ProHealth that they did not have any questions. Cummings noted this is a working model that has been proven to work well throughout the United States and will document actual savings. Cummings said the clinic could go forward without the city but not without the schools. If the city does not participate, the contract would be renegotiated and rewritten.

MOTION: Nelson moved, second by Zaborowski to approve the contract procurement process for the on-site medical clinic. Motion carried 6-0.

State Legislative Update

Spaeth said the legislature is wrapping up and there is not much left on their agenda. The County Clerk's bill will likely go forward. The County had been opposed but with an amendment to remove certain language, we now support of it and it should pass by the end of the year. Rep. Nygren's four bills pertaining to opiates are also going forward. A 911 legislation hearing will be held today but the bill likely will not go anywhere even though it is significantly better than the

original bill, which Spaeth explained further. Spaeth noted this has been a very good session for counties.

Presentation and Contract Procurement Process for City of Milwaukee and Waukesha County Department of Public Works Department/Department of Parks & Land Use Request for Regional Recycling System for Processing and Marketing of Single Stream Recyclables

Shaver said this five-year contract was awarded to ReCommunity Recycling, the highest rated proposer. The contract was awarded based on Net Present Value (NPV) over a 15-year period. Shaver reviewed cost estimates and projected returns on investment. This program will continue to operate without any County tax levy. Shaver did advise, however, that the amount and quality of tonnage will be key.

Shaver indicated four providers submitted a total of 14 proposals for consideration. He explained the RFP process and the proposal options. Ultimately, Option A 80% Revenue Share was the chosen option with 80% to be split between the County and City, based on the amount of materials coming from each community, and 20% to be retained by the vendor. ReCommunity scored the highest in technical scoring and second in financial scoring (maximum 50 points each). The total score for ReCommunity was 88.11, Waste Management of Wisconsin scored 80.80, and Pratt Recycling scored 54.44. Both the technical and financial committees agreed not to interview Sonoco Recycling as their initial scores were considerably low. This recommended proposal is the only one offering available third party tonnage to further enhance financial outcomes.

MOTION: Morris moved, second by Draeger to approve the contract procurement process for the City of Milwaukee/Waukesha County regional recycling system. Motion carried 6-0.

Future Agenda Item(s)

- Review Governmental Fund Balance Set-up and Policies for Transfer of Dollars Between Funds Including Dollar Limits if Applicable (Draeger, Haukohl)

MOTION: Draeger moved, second by Meyer to adjourn at 12:22 p.m. Motion carried 6-0.

Respectfully submitted,

William J. Zaborowski
Secretary